

Performance Pays

An Overview of the Hamilton County, Ohio Department of Job and Family Services Pay for Performance Program

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**Annie E. Casey Foundation
Human Services Workforce Initiative**

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The Annie E. Casey Foundation, Human Services Workforce Initiative is the first national effort to address the critical condition of the nation's human services workforce – one that helps care for America's most disadvantaged children and families. The Initiative highlights the urgent need to recruit and retain human services workers who have the appropriate training and support to most effectively do their jobs. Through its extensive experience in the field, the Casey Foundation has found that a stable, prepared and motivated human services workforce yields real reform and better results for children and families.

I. Introduction

Public human services agencies across the country struggle to provide quality service to their clients with a workforce plagued by high turnover, low wages, huge workloads and limited professional development opportunities. A major factor in the human services profession's losing battle to recruit, retain, motivate and reward its workforce is the often outmoded and ineffective human resources management (HRM) function found in many public agencies.

Within the past few years, there has been a growing awareness of the critical role HRM must play if public agencies are to address the problems facing their human services workforce. In some jurisdictions, the HRM function has taken on a strategic role, and agencies have implemented a number of innovative programs in an attempt to make the HRM function more flexible, responsive and supportive.

One such program is the Hamilton County, Ohio, Department of Job and Family Services (JFS) pay for performance program (PFP). Under their pay for performance initiative, JFS rewards its high achievers with merit pay and bonuses. One of the most significant aspects of the PFP system is that its design, implementation and continuing administration are the product of a joint labor-management partnership. In implementing the program, JFS was able to:

- Reduce the overall incidence of turnover among caseworkers.
- Retain valuable employees at improved pay.
- Improve employees' understanding of how their jobs fit into the agency's strategic plan.
- Maintain wage and salary costs.

In 2002, the Annie E. Casey Foundation, in partnership with CPS Human Resource Services, assessed the impact the PFP model had on employee performance and turnover, and on wage and salary costs.

JFS' experience provides an excellent model for agencies seeking to improve their child welfare and human services workforce, particularly with respect to reducing the incidence of caseworker turnover and employee accountability. Public human services agencies could utilize some or all of the PFP model, along with other HRM best practices JFS has implemented.

II. Agency Profile

The Hamilton County JFS is the largest combined human services agency in Ohio. Public assistance, child support and child protection programs are all administered by this single organization. JFS is accredited by the Council on Accreditation for Children and Family Services – one of only a few public agencies with a full breadth of services awarded this accreditation.

Employees: Over 1,600.

Clients Served: More than 300,000 Hamilton County residents annually.

Finances: In 2003, total revenue of \$1.16B.

Annual Turnover for JFS Children's Services Workers, Pre- and Post-PFP, 1997-2004

Year	No. of CSW Employees	No. of CSW Departures	Percent Turnover
1997	253	82	32.4
1998	247	99	40.1
Pre-1999 Average	500	181	36.2
1999	254	62	24.4
2000	283	79	27.9
2001	292	90	30.8
2002	290	76	26.2
2003	258	75	29.1
2004	254	63	24.8
Post -1998 Average	1,631	445	27.3

III. The PFP Model

In 1998, JFS implemented its innovative pay for performance system, linking pay increases and bonus awards to performance outcomes for all of their bargaining unit employees. The program replaced a more traditional compensation system, which was based on step increases and cost of living adjustments.

In implementing the PFP system, JFS wanted to improve public employee accountability. The objective of the PFP program was to strengthen the link between employee achievement and financial rewards, and to reduce employee turnover.

Prior to PFP's implementation, a large proportion of the agency's employees were at or near the maximum of their salary ranges, and had very limited opportunities for continued growth in their salary and other forms of compensation. JFS viewed PFP as a way to allow for employees' continued growth in income regardless of where they were within the pay ranges of the existing salary structure.

Hamilton's PFP plan has two components – merit pay and bonus pay:

1. Merit pay, which is designed to become part of the base rate, is based primarily on employees' performance in meeting their Major Work Objectives. Merit pay awards are administered annually.
2. Bonus pay, administered semiannually, is designed to reward employees for "going above and beyond" the requirements of their job. Bonus payments are made as a lump sum, and do not become part of the base rate.

Merit increases are based on objective measurements while supervisors have much more discretion in determining bonus pay.

JFS has identified specific, measurable outcomes for each job, known as Major Work Objectives (MWOs). These serve as the foundation for merit pay. Union and management cooperatively set the initial objectives for employees; that joint approach to setting objectives continues today. Labor-management committees review, revise and develop MWOs, ensuring that they address the most important aspects of workers' jobs.

Each employee knows what the MWOs are for their job for each performance evaluation period. Throughout the evaluation period supervisors provide feedback to their direct reports on their progress in achieving the MWOs. At the end of that period, supervisors prepare final evaluations and score worker performance based on objective measures.

JFS supervisors rely on computer-generated tracking reports to objectively assess worker performance. This objectivity is critical to the program's success – it provides the union with the information it needs to ensure that merit pay is based on measurable criteria rather than subjectivity and favoritism.

A major contributor to PFP's success is the critical role of the Human Resources (HR) department. Although supervisors evaluate performance against measurable objectives, HR recommends the specific merit increases based on performance scores and available dollars. Another safeguard in the system, though rarely used, is an HR-administered grievance procedure. The good working relationship between HR and the union has also been instrumental in resolving issues before they escalate into major problems.

IV. JFS HRM Best Practices

Although “pay for performance” is the essence of the PFP program, JFS has implemented other HR best practices which could be implemented by other agencies without performance-based pay:

- JFS is committed to setting clear and measurable objectives. Work objectives are set cooperatively with key units, line managers and the union. The goal is to define objectives critical to the JFS strategic mission, and provide supervisors with data and other tools they need to measure worker performance.
- JFS is dedicated to continuous performance management. For many organizations, performance management is a “once a year” activity that forces employees and their supervisors to review the past year’s performance. In Hamilton County, supervisors are expected to meet at least monthly with each of their direct reports to discuss work progress, accomplishments and deficiencies.
- Hamilton’s PFP program includes both merit pay and bonus pay, which compliment each other. However, other jurisdictions could offer either option as a way to link performance to compensation.

V. PFP Impact

- JFS employees report that they have a clear understanding of how their jobs fit with the strategic direction of the agency.
- JFS employees also report a good understanding of what their supervisors expect of them.
- Turnover in JFS’ four largest classifications has declined by 14 percent since the introduction of PFP.
- Hamilton County’s wage and salary costs have not increased over what they would have

been under the previous compensation system.

- The average performance evaluation scores of those who remain with JFS are higher than those who leave. This suggests that PFP encourages the high performers to remain at JFS and low performers to leave.
- High performing employees are paid as well, if not better, under Hamilton County’s PFP program as they would have been under the old system. Alternatively, marginal employees, no longer eligible for automatic step increases and cost-of-living adjustments, do not receive increases.

VI. Conclusions

For public human services agencies looking for innovative HRM strategies to reduce turnover and improve employee performance and client outcomes, the Hamilton County, Ohio JFS pay for performance model provides an instructive case study.

The PFP process could be effectively replicated in any public human services organization, irrespective of size, in either a union or non-union environment. The Hamilton County JFS experience serves as a model for labor-management partnerships – Hamilton County’s willingness to fully involve the union in the “nuts and bolts” of the process was critical to its success.

The JFS program is a multifaceted process that consists of several best practice components. These include setting clear and measurable work objectives, engaging in continuous performance management, and establishing a complementary merit and bonus pay system. A human services organization of any size could utilize any of these best practice components.

VII. Further Reading

For an in-dept analysis of the PFP model and its effects, see the following reports produced by CPS Human Resource Services:

Performance Pays: Hamilton County, Ohio
Department of Job and Family Services Pay for
Performance Program Summary Report.

Performance Pays: Hamilton County, Ohio
Department of Job and Family Services Pay for
Performance Program How-To Guide.

Best Practices Evaluation for the Annie E. Casey
Foundation: Technical Report.

Also see the Hamilton County Job and Family
Services website at www.hcjfs.hamilton-co.org